Target for collection of gold under Gold Bond Scheme

*25. SHRI SHANTI TYAGI † :
DR. NARREDDY THULASI REDDY :

Will the Minister of FINANCE be pleased to state :

(a) what is the target of gold deposit under the Gold Bond Scheme;

(b) the quantity of gold so far deposited under the Scheme;

(c) whether it is a fact that the flow of deposit is very slow;

(d) if so, what are the reasons therfor;

(e) whether there is any proposal under Government's consideration to extend the last date of the Scheme; and

(f) if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) Budget for 1993-94 has taken a credit of Rs. 300 crores for receipts from this Scheme.

(b) Upto 16th April, 1993, 3961 Kg. of gold has been received.

(c) and (d) There is always a lead time in schemes of this nature.

(e) and (f) No Sir.

श्री शान्ति त्यागी : माननीय सभापति महोदय, मैं माननीय मंत्री जी से यह जानना चाहता हूं कि गोल्ड स्कीम, गोल्ड बाण्ड स्कीम चालू होने से क्या तस्करी, स्मगलिंग से मिलने वाले सोने की मात्रा में कुछ कमी आयी है या नहीं ? और, यदि आई है, तो वर्ष 1992-93 के कम्परिजन में वर्ष 1993-94 में क्या वह समझते हैं कि तस्करी की घटनाओं में और कमी होगी ? इसी में, सभापति महोदय, यह भी मंत्री जी बताने की कृपा करें कि, इस स्कीम के जारी होने से यह समझा गया था कि देश के बाजार में सोने की कीमत बहुत गिरेगी मगर ऐसा नहीं हुआ, इसका क्या कारण है ?

SHRI M. V. CHANDRASHEKHAR MURTHY : The main objective of the scheme is to reduce smuggling and to prevent Havala transactions to keep the domestic price of gold under control. Before the Gold Bond Scheme was introduced the domestic price of gold was Rs. 4900 per ten grams. Immediately after the Gold Bond Scheme was introduced, it has been reduced to Rs. 3900 per ten grams in the Indian market. As I have already stated, smuggling has also come down considerably. Since two weeks the domestic price of gold is on the rise. Perhaps, it is due to the marriage season.

श्री शान्ति त्यागी : सभापति जी, अगर महिला माननीय सदस्य बुरा न मानें और आपकी आज्ञा हो तो एक प्रश्न और कर लूं । देश में महिलाओं पर जो हमले और लूटपाट की घटनाएं हो रही हैं, इनको देखते हुए क्या सरकार ऐसा कोई अभियान चलाएगी, कानून नहीं, जिससे महिलाओं में सोने के जेवरों का आकर्षण और एटरेक्शन घटे ? मैं परसुएशन की बात कर रहा हूं सभापति जी । . . (**व्यवधान**) . .

श्रीमती रेणुका चौधरी : महिलाएं सिर्फ पहनती हैं, खरीदने वाले मर्द हैं । . . (**व्यवधान**) . . बजट उनके हाथ में है ।

श्री शांति त्यागी : ये सोने के जेवर जो हैं . . . (**व्यवधान**) . . .

† The question was actually asked on the floor of the House by Shri Shanti Tyagi.

श्रीमती वीणा वर्मा : ये सोने के जेवर जेवर नहीं हैं, यह प्रापर्टी है ।

श्री एस. एस. अलवालिया : महोदय, महिलाएं तो खरीदती हैं लेकिन खरीदवाने वाले पुरुष हैं और पुरुष चिंतित हैं इसलिए कि कम से कम . . (**व्यवधान**) . .

MR. CHAIRMAN : I think the Minister need not answer this question. The lady Members have answered it already.

DR. NARREDDY THULASI REDDY : Sir, the Gold Bond Scheme is mainly meant to mobilise the idle gold reserves of ordinary citizens to supplement official reserves. This has been stated clearly in the Statement of Objects and Reasons of the Gold Bond Scheme Bill. But in practice this Scheme has sent green signals to the black-marketeers and the income-tax evaders and other tax evaders in the country to end black money. They will come on the scene when they can convert black money into while. So this signal has been given to the society. May I know from the the Minister whether Government has conducted and survey regarding this problem ? How many subscribers to this Scheme are income-tax payers and how many of them are not income-tax payers ?

SHRI M. V. CHANDRASHEKHAR MURTHY : The main objective of this Scheme is to supplement the national gold reserves from idle gold reserves so that we can pledge it in getting foreign loans at a cheaper rate. This is number one. Secondly, we will use this money collected from this Scheme for productive purposes. Under this Scheme we have given many benefits and amenities to the subscribers.

DR. NARREDDY THULASI REDDY : That was not my question.

SHRI M. V. CHANDRASHEKHAR MURTHY : Under this Scheme, we are giving tax free interest, exemption from longterm capital gains and gift tax also.

The hon. Member wanted to know the names of the subscribers, Usually the names of the subscribers are not disclosed until the Government wants it for the purpose of investigation for any irregularities committed by the subscribers. The initial subscribers to the Gold Bond Scheme are fully exempt from disclosing the source of gold and also enquiry into it by the Income-tax officials. This is the normal practice of banking also.

MR. CHAIRMAN : Shrimati Sarla Maheshwari. (*Interruptions*).

DR. NARREDDY THULASI REDDY : Sir, the question is not answered yet. (*Interruptions*). Has any survey been conducted That question is not answered.

MR. CHAIRMAN : Has any survey been made ? I think there are so many reports on that. You know how much black money is there.

SHRI M. V. CHANDRASHEKHAR MURTHY : Sir, the hon. Members will appreciate that the scheme is to end presently on June 14, 1993. But, up to 23-4-1993, we have collected nearly 6.055 tonnes and it is a very big increase. We have estimated only Rs. 300 crores as receipts from such gold bonds. We are anticipating more money. At present, we have not conducted any survey.

श्रीमती सरला माहेश्वरी : माननीय सभापति महोदय, मैं आपके माध्यम से मंत्री महोदय से यह जानना चाहती हूं कि क्या यह स्वर्ण बंध-पत्र योजना अब तक जारी की गई अनेकानेक वोल्यूंटरी डिपोजिट स्कीम का ही दूसरा रूप नहीं है या दूसरा नाम नहीं है और क्या यह सच नहीं है कि दुनियां के तमाम देशों की तुलना में हमारे यहां प्रत्यक्ष करों का अनुपात सबसे कम है और इस स्वर्ण बंध-पत्र योजना

के जरिए हमारी सरकार ने तमाम तस्करों को, कर चोरों को और काला धंधा करने वालों को क्या अभयदान नहीं दिया है और क्या सरकार उनको यह सिगनल नहीं दे रही है कि सरकार की नजरों में चोरी करना, तस्करी करना और काला धंधा करना कोई अपराध नहीं है और वे तमाम तस्कर, चोर, अपराधी इस बात के लिए प्रतिक्षा करते रहें कि वे काला धंधे की कमाई करते रहें तथा एक समय ऐसा आएगा जब सरकार उनको अवश्य मौका देगी कि अब आप अपने काले धन को सफेद करले और सरकार सूद सहित आपको वह धन वापिस लौटा देगी?

सभापति महोदय, मैं मंत्री महोदय से यह जानना चाहती हूं कि जब पहले वोल्यूंटरी डिपोजिट स्कीम जारी की गई थी तो तब सरकार ने यह वायदा किया था तो तब हमारी आखरी वोल्यूंटरी डिपोजिट स्कीम होगी । मैं आज आपके सामने फिर मंत्री महोदय से कम से कम झूठा ही सही, यह कबूल करवाना चाहती हूं कि क्या मंत्री महोदय, इस सदन में एक बार फिर यह आश्वासन देंगे कि सरकार इस स्कीम के बाद फिर दूसरी स्कीम नहीं लाने जा रही है ?

SHRI M. V. CHANDRASHEKHAR MURTHY : Sir, it is true that such schemes were earlier floated by the Government. One Gold Bond Scheme was floated in 1962 and another in 1965. There was a National Gold Bond Scheme in 1980. There was also the Voluntary Disclosure Scheme. The main objective of the scheme is to use this idle reserve for productive purposes. This is presently to end on 14th June 1993. So far, we have collected 6.055 tonnes of gold and the Government is very sincere in fighting against blackmarketeers and tax-evaders. Under the existing laws, we have stricter provisions so that we can tackle blackmarketing and tax-evasion.

SHRIMATI SARALA MAHESHWARI : I wanted a specific assurance from the Minister and he has given all other details.

SHRI M. V. CHANDRASHEKHAR MURTHY : Sir,...● (*Interruptions*). The Government will decide on the performance of the scheme and at the appropriate time, the Government will make a decision.

SHRI JOHN F. FERNADES : Mr. Chairman, Sir, the scheme has not taken off as per target of the Government. There are some drawbacks in the scheme. The main drawback is that NRIs are excluded and they cannot contribute to this Gold Bond Scheme. The second thing is that the minimum ceiling is only 500 grams. And, thirdly, when the ornaments are melted, the contributions are not compensated on maturity. So, I would like to know from the hon. Minister whether he will amend the scheme and see that NRIs are also brought under the scheme and whether the minimum ceiling will be reduced to see that the middle income group can contribute to it. These are my questions.

SHRI M. V. CHANDRASHEKHAR MURTHY : Sir, at present the bonds are open to subscription by a resident or a member of an HUF or a trust or a company. At present there is no such proposal to include NRIs. Under the present Scheme the minimum subscription of gold has been fixed at 500 grams, taking into account the facilities available with the Government for assaying of gold. We have already informed the Parliament about this. On the basis of minimum subscription at 100 grams it was estimated that the number of tenderers that would be received would be around 75,000 and this would have taken the mint three years more to complete the job of assessing of the gold. That is why I have said that there is no such proposal to reduce the minimum subscription of gold.

Regarding ornaments, it is very difficult to accept the ornaments. Under the present Scheme we are going to accept gold of the purity of 0.995. Suppose we accept ornaments, then definitely a dispute will arise between the investor and the mint; that is why that proposal is not there.

श्री शंकर दयाल सिंह : सभापति जी, मैं जो प्रश्न पूछना चाहता हूं मंत्री महोदय से वह यह है कि सोना जो है वह केवल विलासिता और समृद्धि का ही प्रतीक नहीं है बल्कि सोना मध्य वर्ग के लिए कुछ इज्जत और साथ-साथ आपात काल में उसे गिरवी रखकर अपनी इज्जत बचाने का भी एक साधन रहा है। मैं सरकार से जानना चाहता हूं कि देहाती क्षेत्रों में जो लोग अपना सोना व्यापारी या स्वर्णकारों के यहां ब्याज पर रखकर पैसा लिया करते थे, तो क्या ग्रामीण क्षेत्रों में स्वर्ण बंध योजना को पापुलर करने के लिए सरकार ने कोई स्कीम बनाई है ? यदि हां तो वह क्या है और साथ ही मैं यह जानना चाहूंगा कि अभी तक जो 3200 किलोग्राम या जितना भी सोना आपके यहां जमा हुआ, उसमें सबसे अधिक सोना एक व्यक्ति ने कितना जमा किया है और सबसे कम सोना एक व्यक्ति ने कितना जमा किया है। यह फिगर बताएं।

SHRI M. V. CHANDRASHEKHAR MURTHY : Sir, as I have already explained, the minimum subscription is 500 grams and I have also explained the reasons for not accepting the ornaments...

SHRI SHANKAR DAYAL SINGH : I am not asking that. I am asking the name of a particular person or a firm who deposited the maximum gold.

SHRI M. V. CHANDRASHEKHAR MURTHY : Sir, I have already replied to this. It is not usual to disclose the names of the subscriber by the Government, unless such disclosure is required for investigation.

SHRI SHANKAR DAYAL SINGH : What about the first part of my question ? What is the scheme of the Government to popularise this Scheme in the rural areas ? My main question was this.

SHRI M. V. CHANDRASHEKHAR MURTHY : The question raised by the hon. Member is about pledging of gold with the pawnbrokers in rural areas. The Government has no proposal at present to include this scheme.

SHRIMATI RENUKA CHOWDHURY : Sir, I want to know three specific points. What are the methods that the Government is going to use to prevent black-monied people from buying this gold ? Are there any preventive checks ? ...(*Interruptions*)... In other words, they are legitimising black money. As my hon. colleague preceding me has said, we are empowering people to bring black money into the system. The second is that the hon. Minister was telling us that so much gold deposits were there. To my knowledge there are only one lakh tonnes of gold in the hands of the people in the country. How are we going to accelerate the process of getting more gold deposits ? It is slightly off the target but please permit me to say that. A lot of gold in the country in the form of ornaments and jewellery in shops, which is 18 carats, is being stamped as 22 carats. This was disclosed earlier through the press and at various places. How does the Government propose to control or check this method ? Tomorrow the people will suffer and nobody will come forward to buy gold at all, women or others.

SHRI M. V. CHANDRASHEKHAR MURTHY : You would appreciate, Sir, that prevention of black money and tax

evasion are different parts of the question. The main objective is to use this idle reserve for productive purposes. As pointed out by the hon. lady Member, an estimated one lakh tonnes of gold is available in the form of jewellery in the entire country. The Government has not so far made any survey in this regard. Regarding the purity of the ornaments I do require a separate notice. It does not come under this question.

*26. [The Questioners (Shri Ram Chandran Pillai and Shri M. A. Baby) were absent. For answer vide col. infra.]

Requirements to open new branch offices by foreign banks

27. SHRI SUNIL BASU RAY †
SHRI RAMANARAYAN GOSWAMI } :

Will the Minister of FINANCE be pleased to state :

(a) what are the basic requirements of the RBI to clear applications to open new branch offices by foreign banks; and

(b) whether these requirements are strictly being followed ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS Dr. ABRAR AHMED) : (a) Permission to foreign banks for opening branches in India is granted by Reserve Bank of India (RBI) in terms of the provisions of Banking Regulation Act, 1949. While granting such permission to foreign banks, RBI, among other things, take into consideration the following factors :—

(i) The international standing of the foreign bank and its financial position.

(ii) The trade and economic relationship between the country of origin of the applicant bank and India.

Foreign banks incorporated outside India which do not have any branch in India are required to bring in a minimum capital of US $ 25 millions for opening their first branch in the country. Foreign banks are also required to ensure that they maintain in India a minimum capital equivalent to 8% of their risk weighted assets.

(b) Yes, Sir.

SHRI SUNIL BASU RAY : My first supplementary is that the Government has identified only two conditions for considerations before granting permission to foreign banks for opening branches in India. But there are certain other conditions also. What are those conditons ? I would also like to know who the eight banks are who have applied for permission and who have been granted permission. At the initial stage only two were granted permission and others were not. These banks, in the first instance, violated the Governments regulations in the matter of appointing officers. What action has the Government taken ? Is the action by way of awarding them the licence ? This is my first question.

डा. अबरार अहमद : सर, फारेन बैंक की ब्रांच खोलने के लिए जो दो बातें मैंने माननीय सदस्य के मूल प्रश्न के अंदर दी हैं उसके अलावा भी कुछ बेसिक चीजें हैं जिन पर विचार किया जाता है । फारेन बैंक रेगुलेशन एक्ट 1949 के तहत् ब्रांच खोलने की अनुमति दी जाती है । लेकिन इसके पहले यह भी देखा जाता है

† The question was actually asked on the floor of the House by Shri Sunil Basu Ray.